

TO: Budget Committee of Honolulu City Council

FROM: Natalie Iwasa  
Honolulu, HI 96825  
808-395-3233

SPECIAL  
MEETING: 9 a.m. Thursday, May 10, 2012

SUBJECT: Bill 13 Legislative Budget, Fiscal Year Ended June 30, 2013 - **COMMENTS**

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Aloha Councilmembers,

Thank you for allowing additional testimony on Bill 13 which is the legislative budget for next fiscal year.

#### Council Allowance

I oppose the addition of \$45,000 to councilmembers' allowance accounts. It appears this amendment will pass, however, so I ask you to consider the following.

Each month you receive \$250 as an auto allowance. I was told by Mike Hansen, Director of the Department of Budget and Fiscal Services, that his understanding is the allowance is included as compensation. As such, you pay FICA/medicare and income taxes on it, and the taxpayers pay payroll taxes. If the amounts were not included as compensation, you and the taxpayers would likely save money.

The IRS allows mileage reimbursements under an accountable plan to be paid tax-free to employees. An accountable plan is one in which eligible mileage is reported to the employer and reimbursed at the allowed IRS rate, currently \$.555/mile. Since the current arrangement can very easily result in more than two months' worth of allowance going to taxes, I encourage you to switch to an accountable plan.

#### Telecasting Council Meetings and Remote Testimony

It is difficult to tell how much of the budget includes telecasting services and the proposed services for the public to provide testimony remotely. I support expenditures for these services, as they make it easier for the public to be involved in government.

#### CD2 Proposal (Martin)

The CD2 proposed by Chair Martin includes \$500,000 for legal expenses. The public should be given more details about this proposed amendment.